

CHAPTER I

INTRODUCTION

1.1 Background of the Research

Corporate accountability and sustainability are continually prioritised in a seriously concerned society with reverence for the common good. (Hsieh, 2017). The recent global financial crisis has further highlighted the need for these companies to concentrate less on the short term and to focus more on long-term growth and profitability in practically every area of their sector. In this modern business world, there is pressure from various stakeholders to follow more socially responsible actions, where companies focus on the "Triple Bottom Line" (Elkington, 1997). They understand not just the company's financial well-being but also the effect on the economy and society. These last two aspects of the Triple Bottom Line are mainly embodied in businesses being more active in social concerns and services and ensuring that their corporate activities minimize their environmental footprint.

Social accountability means meeting legal expectations, moving beyond enforcement, and investing more in human resources, climate, and bonds with stakeholders. *Corporate Social Responsibility* (CSR) implementation requires a proactive, higher-management approach in decision-making, and introducing new principles related to philanthropy through business organizations. It cannot be denied the role of business management in implementation of CSR. Education is vital in creating a moral obligation between undergraduates today and business managers and decision-makers tomorrow. Alonso-Almeida *et al.*, (2015) explained in their analysis that most of the CSR researches were performed using the expectations of business undergraduates.

In taking socially accountable steps, organizations can change into a multilateral system where the organisations focuses solely on bilateral shareholder-manager ties, including all stakeholders such as shareholders, administrators, workers, consumers, suppliers and the surrounding society. Such a transition aims to bridge the gap between conventional and modern ideas. The Agency's theory has traditionally demonstrated that the decision-making of the Board of Directors can impact shareholders' interests, the need for a corporate governance mediator to oversee managers, and ensure the development of value. Today, however, the uncertainty between managers' and shareholders' interests is decreased while adding value to the others mentioned above.

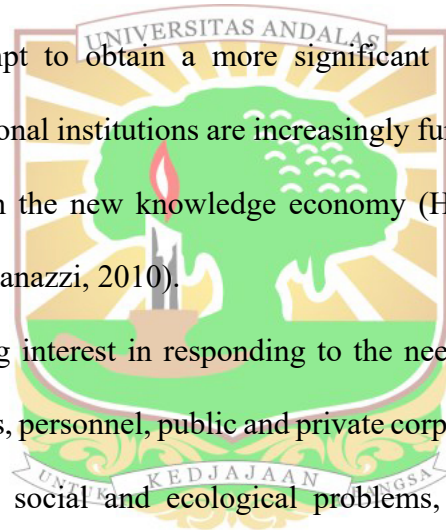
Consequently, CSR is a topic that is commonly debated in the current market context. So, what did the CSR means? Dahlsrud (2008) addressed 37 principles of CSR. However, the researcher consistently refers to four components. Carroll (1979) proposes a CSR model consisting of economic, legal, ethical, philanthropy, and Elkington (1997) proposes that the CSR consists of three parts, which is known as the Triple Bottom Line; People, Planet, and Profit. However, CSR generally refers to 'the voluntary steps taken by an organization to resolve its business activities' economic, social and environmental effects and its key stakeholders' (Alonso-Almeida *et al.*, 2015).

Corporate Social Responsibility can also be different in terms of clear responsibilities or other ethical requirements for this situation. As a result, CSR also claims that it can contribute to businesses' environmental and social sustainability due to its commitment to tackling its operations' broader social impacts (Groves *et al.*, 2011). In other words, every organization has a responsibility to mitigate positive and negative impacts to achieve a social imitation success. However, a social imitation success should reflect the impacts on consumers' expectations and behaviours from the markets (Groves

et al., 2011). Thus, it is essential to look at the perceptions of potential customers, i.e., today's students, regarding the business environment's growing concern.

Educational institutions have undergone significant changes in recent decades, influencing and affecting socio-demographic, political, and economic phenomena. Higher education has become a highly competitive and diversified market, making it necessary to reinvent educational institutions to respond to new challenges and opportunities. Strong education institutions today are distinguished by their ability to achieve their vision and to maintain their identity. Moreover, the involvement of many stakeholders and the implementation of successful ideas and principles in the business environment in an attempt to obtain a more significant share of this market have demonstrated that educational institutions are increasingly functioning as entrepreneurial educational institutions in the new knowledge economy (Hemsley-Brown & Oplatka, 2010; Petruzzellis & Romanazzi, 2010).

Today's increasing interest in responding to the needs of various stakeholders, including students, parents, personnel, public and private corporations and the community and addressing profound social and ecological problems, has enhanced their social responsibility (Kunstler, 2006). Education institutions provide educational services and sculpt identities with major obligations towards the country and the wider world (Friga, Bettis & Sullivan, 2003). As educational institutions are confronted with challenges, they remain competitive for money, good jobs and prestige. Education institutions should benefit from the business experience in order for better adaption to social requirements. Therefore "company models and management are part of emerging academic definitions" (Hammond & Churchman, 2008).



Although literature shows that consumer awareness of corporate responsibility in the past decades has increased (Brunk & Blümelhuber 2011), not all consumers participate equally and become informed in responsible business behaviour (Elias, 2004; Lamsa *et al.*, 2008). The expectations and perceptions of customers in responsible companies vary according to gender, education, age, race, culture, nationality, and other features (Dellaportas, 2006). Gender has gained several of the most important attention from scholars. However, although numerous studies are available in the literature, the results are often different. The importance of gender differences in customer preferences and perceptions for responsible company behaviour remains unanimous (Collins, 2000; McCabe *et al.*, 2006).

Lämsä *et al.* (2008) have reported a shortcoming of empirical research into students' attitudes towards CSR while their interest in CSR is growing. There has been no progress on this topic since 2008. Most of these studies are in the United States, but few are related to the Asian context (Kolodinsky *et al.*, 2010; Ng & Burke, 2010; Wong *et al.*, 2010). To close this gap, an in-depth analysis of this topic is necessary.

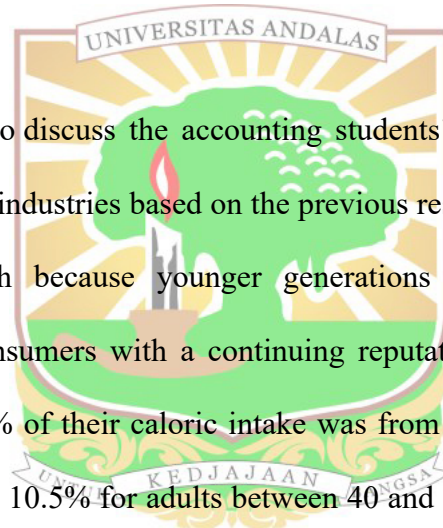
Therefore, our main target is three. First, the work previously carried out focused mainly on the students' ethical principles and moral behaviour (Malone *et al.*, 2006; McManus & Subramaniam, 2009; Eweje & Brunton, 2010). There has also been minimal work on CSR perceptions among business (accounting) students (Cowton & Cummins, 2003; Lämsä *et al.*, 2008). The second target is that most of the studies have focused on North America, while there was no work in Europe (Desplaces *et al.*, 2007; Kolodinsky *et al.*, 2010; Ng & Burke, 2010). In the Nordic countries, the authors found several studies (Matten & Moon, 2004; Lamsä *et al.*, 2008) and one on Cyprus (Krambia-Kapardis &



Zopiatis 2008). However, no studies that examine the perceptions of accounting students on CSR in fast food industries in Malaysia is found.

Third, some previous studies have investigated the characteristics of students to explain changes in behaviours of CSR, but with mixed and far from conclusive answers. Gender was the main factors examined to date (Elias, 2004; Hudson & Miller, 2005; Luthar & Karri, 2005; Malone *et al.*, 2006; Bloodgood *et al.*, 2008; Eweje & Brunton, 2010; Ng & Burke, 2010), age, or education (Peterson *et al.*, 2001; Conroy & Emerson, 2004; Elias, 2004; Luthar & Karri, 2005; Eweje & Brunton, 2010). Professional experience (Elias, 2004; Luthar & Karri, 2005; Eweje & Brunton, 2010) is also considered under review.

This paper aims to discuss the accounting students' perceptions towards CSR implemented in fast food industries based on the previous research. College students are selected in this research because younger generations and college students are enthusiastic fast-food consumers with a continuing reputation. Fryar & Ervin (2013) estimated that almost 15% of their caloric intake was from fast food for young adults, while the caloric intake is 10.5% for adults between 40 and 59 years of age. In terms of share of consumption, food intake away from home is most important for the eighteen to twenty-five-year segment of the population (BLS, 2016). In an interview study in 2005 at Midwestern College, 95.1% of fresh/sophomore pupils and 91.9% of pupils surveyed reported consuming five to eight days a week from restaurants with fast foods (Driskell, Kim, & Goebel, 2005). In a survey of residents of Vermont, Kurkowski *et al.* (2006) found that college students eat almost 70% more fast food in the same community than non-enrolled. Dingman *et al.* (2014) found that students' meal is 23% made from fast-food restaurants in a South-Eastern college sample. Thus, the belief that college students



are frequent users of fast-food is strongly supported. In addition, several universities have common fast food options on or close to campus, making fast food convenient for students to access and access.

Furthermore, this research solely focuses in accounting college students because accounting courses or accounting students have a specifically *Corporate Social Responsibility* (CSR) in their curricular. This further reinforces that accounting students have a deeper knowledge in CSR practices and concerns. Not only that, accounting students were taught to recognize and apply the knowledge that they learn about CSR into daily life as it is crucial for them to aware of the environment and surrounding.

This research concentrates on the fast-food (McDonald's and KFC) industry. As urban consumers' in the 21st century, these college students tend to eat outdoors. Thanks to their high consumption of fast-food items, fast-food operators in Malaysia have seen sustained growth in recent years. Kentucky Fried Chicken (KFC) and McDonald's are Malaysia's two leading fast-food brands, representing 82.81% and 81.34% of market shares in the fast-food chain (www.statista.com, 2020).

There are relatively few studies based on 'college students' consumption based and their CSR perceptions, let alone CSR in fast-food restaurants. A survey of the English and Scottish university students showed that respondents were aware of each firm's CSR activities for McDonald's and the KFC (Schröder & McEachern, 2005). These college students predicted CSR programs for 37% for healthy eating, 32% for animal welfare, and 31% for community activities (Schröder & McEachern, 2005).

This thesis planned to study accounting students' perceptions towards CSR implemented in fast food restaurants based on limited research. Better knowledge of these relationships may enhance decision-making and marketing in restaurants, particularly

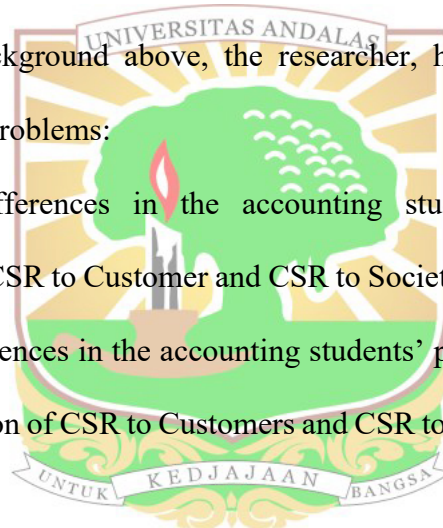
those in towns. This experience can be used by restaurants to assess what CSR practises are most likely required.

This research aims, therefore, to identify, establish and evaluate accounting students' perceptions regarding *Corporate Social Responsibility* implementation in fast food restaurants under a research topic ***“The Accounting Students’ Perceptions in the implementation of Corporate Social Responsibility in Fast-Food Restaurants in Penang, Malaysia (A case study on McDonald's and KFC).”***

1.2 Problem Statement

Based on the background above, the researcher, hypothesizes three problem statement to analyze the problems:

1. Are there any differences in the accounting students' perceptions in the implementation of CSR to Customer and CSR to Society in McDonald's and KFC?
2. Are there any differences in the accounting students' perceptions based on gender in the implementation of CSR to Customers and CSR to Society in McDonald's and KFC?
3. Are there any differences in the accounting students' perceptions based on academic year in the implementation of CSR to Customer and CSR to Society in McDonald's and KFC?



1.3 Research Objectives

The objectives of this research are:

1. To investigate the differences in the accounting students' perceptions in the implementation of CSR to Customer and CSR to Society in McDonald's and KFC.

2. To identify the differences in the accounting students' perceptions based on gender on the implementation of CSR to Customer and CSR to Society in McDonald's and KFC.
3. To evaluate the differences in the accounting students' perceptions based on academic year on the implementation of CSR to Customer and CSR to Society in McDonald's and KFC.

1.4 Research Benefits

The critical contribution of this research, unlike other studies, is to compare the researcher's results against the findings of previous literature, to determine whether legal, socio-economic, and cultural factors affect accounting students' opinions on the CSR. This paper's argumentation is justified because it demonstrates that undergraduate students' expectations are a strong predictor of their academic or professional results in the future (DelCampo, Navallas, & Camacho-Min˜ano, 2016; Lizzio, Wilson, & Simons, 2002). Therefore, accounting students' perceptions towards CSR may reflect their potential professional performance; secondly, the research focuses on the general topic of students' perceptions towards CSR, although the college literature has looked at them separately.

The outcomes and consequences of this study are essential to college students and crucial to firms/organizations. The outcomes can be beneficial to firms/organizations to plan the best strategy to benefit from the potential customers' market. They can consider the college students' perception towards CSR and consider CSR as an advantage in the operation, to enhance their firms'/organizations' performance.

1.5 Writing Systematics

This study paper is organized as follows. The first chapter of this study clarifies the course's context, the declaration of problems, the study objectives, analysis significance, essence of the research, and the research. A summary of literature is given in the second part. It will support this research by using previous studies related to the issues presented in this report. In the third part, the adopted research methodology is defined. The sample and population necessary for the analysis to generate the independent variables on the dependent variable are discussed in this chapter. The fourth part contains the conclusions of the study analysis, the features of the respondent and the descriptive analysis. Finally, the last paragraph presents the findings, restrictions and more study recommendations.

